57

80539 (Pages : 4) Name.....

Reg. No.....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, MARCH 2020

(CUCSS)

Economics

ECO 4C 17—BUSINESS ECONOMICS

me : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*

Each question carries ¼ weightage.

1. Temporarily reducing prices to increase short-run sales is an example of which of the following ?

   (a) Dynamic pricing. (b) Segmented pricing.

   (c) Target pricing. (d) Promotional pricing.

2. Segmentation pricing is where varying prices are set for different groups of customers. Economists call this approach :

   (a) Price discrimination. (b) Internal pricing.

   (c) Listed pricing.. (d) Cost pricing.

3. The span of time within which the investment made for the project will be recovered by the net returns of the project is known as ————————.

   (a) Period of return. (b) Payback period.

   (c) Span of return. (d) None of the above.

4. Among the following ———————— measures risk ?

   (a) Co-efficient of variation. (d) Standard deviation.

   (c) Expected value. (d) All of the above are measures of risk.

5. ———————— is used by a firm's managers when computing the net present value of the cash flows expected to be generated from the company's investments.

   (a) Required rate of return. (b) Internal rate of return.

   (c) Expected rate of return. (d) Actual rate of return.

Turn over

6. In projects evaluation, results of internal rate of return and net present v to ——————.

(a) Cash flow decision.
(b) Cost decision.
(c) Same decisions.
(d) Different decisions.

7. Cost of capital is composed of an average of ——————.

(a) Cost of common equity and cost of debt.
(b) Cost of preferred stock and cost of debt.
(c) Cost of common equity and cost of preferred stock.
(d) Cost of common equity, cost of preferred stock, and cost of debt.

8. The higher the discount rate, the —————— the present value of the future cash

(a) Lower.
(b) Equal.
(c) Higher.
(d) None of the above.

9. The values of the future net incomes discounted by the cost of capital are called :

(a) Average Capital Cost.
(b) Net Capital Cost.
(c) Discounted Capital Cost.
(d) Net Present Values.

10. A situation in which a decision maker knows all of the possible outcomes of a decisi knows the probability associated with each outcome is referred to as ——————.

(a) Certainty.
(b) Risk.
(c) Uncertainty.
(d) Strategy.

11. A tying agreement requires buyers of a product to ——————.

(a) Refrain from exporting theproduct to certain countries.
(b) Purchase another product needed in the use of the first product.
(c) Purchase a minimum number of units.
(d) All of the above are true of a tying agreement.

12. A project would normally be undertaken if its net present value is ——————.

(a) Negative.
(b) Positive.
(c) Zero.
(d) Same as NPV of existing projects.

(12 × ¼ = 3

Part B (Very Short Answer Questions)

Answer any **five** *questions in a sentence* **or** *two..*
Each question carries 1 weightage.

13. Vertical Integration
14. Two part Tariff.
15. Balance Sheet.
16. Liquidity.
17. Decision Tree.
18. Capital Budgeting.
19. Price Discrimination.
20. Ramsey Pricing.

(5 × 1 = 5 weightage)

Part C (Short Essay Questions)

Answer any **eight** *questions.*
Each question carries 2 weightage.

21. Differentiate between a merger and an acquisition.
22. Describe the sources of business finance.
23. What are Joint Products ?
24. Define Operating Leverage.
25. Elucidate the concept of Risk Adjusted Discount Rate.
26. What is the importance of Net Present Value ?
27. Illustrate Price Skimming with a example.
28. Clarify the Time Value of Money.
29. Explain the concept of Profitability Index.
30. Elaborate the concept of Risk Premium.
31. What is the intention behind Bundle Pricing ?

(8 × 2 = 16 weightag

Part D (Essay Questions)

Answer any three questions.
Each question carries 4 weightage.

32. Elucidate the various steps in Capital Budgeting.

33. Write a note on Product lifecycle.

34. Mention the criteria requirement for a good forecasting method.

35. Details the various problems that multinational companies normally face ?

36. Elaborate on some of the commonly used forecasting techniques.

(3 × 4 = 12 w